

Message Text

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PAGE 01 KATHMA 01152 061021Z
ACTION NEA-10

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00
INR-10 NSAE-00 ACDA-12 H-01 AID-05 EB-08 TRSE-00
OMB-01 L-03 COME-00 /078 W
-----124205 061407Z /45
R 060847Z MAR 78
FM AMEMBASSY KATHMANDU
TO SECSTATE WASHDC 1270
INFO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE KATHMANDU 1152

E.O. 11652: N/A
TAGS: MASS, NP, IN
SUBJECT: SALE OF CONSTRUCTION EQUIPMENT USED ON EAST-WEST HIGHWAY

REF: A) NEA/INS PERCIVAL-EAVES LTR 2/16/78, B) EAVES TO
PERCIVAL LTR 3/2/78

1. REF A SUGGESTED THAT IT MIGHT BE APPROPRIATE TIME FOR EMBASSY
TO START EXPLORING POSSIBLE DISPOSAL OF US MAP FUNDED CONSTRUCTION
EQUIPMENT BEING USED BY INDIAN GOVERNMENT IN CONSTRUCTION OF
PORTIONS OF EAST-WEST HIGHWAY IN NEPAL. REF B IN RESPONSE THERETO
DESCRIBED SITUATION AS SEEN FROM EMBASSY PERSPECTIVE--NAMELY
THAT INDIAN GOVERNMENT WILL PRESUMABLY WISH TO CONTINUE USING
OPERABLE EQUIPMENT FOR SOME TIME TO COME, BUT THAT OTHER OLDER
ITEMS HAVE ALREADY BEEN DECLARED EXCESS AND PROCESS OF TRYING TO
SELL SAME ALREADY UNDER WAY.

2. PART OF LATTER PROCESS INVOLVES DETERMINING WITH GON CON-
DITIONS THAT WILL APPLY TO SALE (E.G. POSSIBLE TAXES, DUTIES,
ETC). EMBOFF CALLED MFA UNDER SECRETARY MRS. BINDYA SHAH MARCH
13 TO ASCERTAIN WHAT PROGRESS HAD BEEN MADE IN THAT REGARD. MRS.
SHAH STATED MATTER STILL BEING STUDIED, BUT NOTED THAT SHE HAD
REPORT FROM NEPALESE EMBASSY IN WASHINGTON THAT SAME ISSUE
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BEING DISCUSSED THERE BETWEEN DEPARTMENT AND GON EMBASSY.
WHILE WE HERE HAVE TALKED IN TERMS OF SALE THROUGH OPEN
BIDS (WITH GON OF COURSE ELIGIBLE TO PARTICIPATE), NEPALESE
EMBASSY IN WASHINGTON DESCRIBED DEPARTMENT AS DISCUSSING
NEGOTIATED SALE BY USG TO GON. MRS. SHAH TERMED THIS
"SUBTLE DISTINCTION" WHICH RAISED ELEMENT OF DOUBT AS TO
EXACTLY HOW SALE WOULD BE HANDLED.

3. COMMENT:ACTION REQUESTED: IT IS OUR UNDERSTANDING BASED ON EMBASSY, DAO, CINCPAC AND ODC INDIA DISCUSSIONS THAT, UNDER DOD REGULATIONS, IN CASES SUCH AS THIS WHERE EQUIPMENT DEEMED STILL TO HAVE SALE VALUE, THERE IS NO ALTERNATIVE TO OFFERING EQUIPMENT FOR SALE THROUGH COMPETITIVE BIDS. SITUATION CHANGES IF NO BIDS FORTHCOMING, BUT SOLICITING SAME IS REQUIRED FIRST STEP. THIS IS HOW SITUATION HAS BEEN PRESENTED HERE TO GON. NEPALESE EMBASSY WASHINGTON APPARENTLY HAS DIFFERENT IMPRESSION WHICH, AS CONVEYED BACK TO MFA, IS CAUSING SOME CONFUSION. UNLESS DEPT'S UNDERSTANDING OF SITUATION IS DIFFERENT FROM OURS, BELIEVE IT WOULD BE HLEPFUL TO EXPLAIN FACTS TO NEPALESE EMBASSY AND TO AFJ THEM TO PASS CORRECTED VERSION BACK TO MFA HERE. ON OTHER HAND, IF DIRECT NEGOTIATED SALE IS POSSIBLE WE WOULD APPRECIATE NOTIFICATION SOONEST OF HOW THIS CAN BE DONE SO THAT WE CAN SET RECORD STRAIGHT HERE.
HECK

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